

Message Text

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70

ACTION EB-07

INFO OCT-01 AF-08 ISO-00 L-03 TRSE-00 COME-00 CIAE-00

DODE-00 PM-04 H-02 INR-07 NSAE-00 NSC-05 PA-01 PRS-01

SP-02 SS-15 USIA-06 OMB-01 AID-05 OPIC-03 /071 W

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R 230900Z APR 76

FM AMEMBASSY DAKAR

TO SECSTATE WASHDC 4719

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E.O. 11652: N/A

TAGS: EINV, SG

SUBJ: USG POLICY REGARDING VALUATION OF NATIONALIZED PROPERTY

REF: STATE 81210

1. EMBOFFS HELD GENERAL DISCUSSION APRIL 21 WITH MAMADOU MOUSTAPHA MBENGUE, DIRECTOR OF INVESTMENT, MINISTRY OF FINANCE, CONCERNING SELEGALESE POLICY TOWARD FOREIGN INVESTMENT. NOTING THAT SENEGALESE REPUTATION FOR FAIR TREATMENT OF FOREIGN INVESTORS IS AMONG FACTORS DRAWING INCREASING NUMBER OF POTENTIAL AMERICAN INVESTORS TO DAKAR, EMBOFFS OUTLINED POINTS MADE IN PARAS 3-5 OF REFTEL IN CONTEXT OF HYPOTHETICAL SITUATION.

2. MBENGUE RESPONDED BY CITING RECENT CASES IN WHICH GOS HAS TAKEN MAJORITY OR FULL CONTROL OF FOREIGN OWNED ENTERPRISES. AMONG THESE ARE UTILITIES, PHOSPHATE MINES, AND ONE PETROLEUM DISTRIBUTOR. IN ALL CASES, FAIR AGREEMENT HAD BEEN WORKED OUT WITH FORMER OWNERS. VALUATION WAS NEGOTIABLE, AND THE GOS HAD NO POLICY OR METHOD OF VALUATION. MBENGUE ADDED THAT SOME CONSIDERATION WAS BEING GIVEN TO LAW WHICH WOULD CLEARLY DEFINE TERMS, CONDITIONS AND LIMITATIONS OF GOVERNMENT PARTICIPATION IN ENTERPRISES.

3. COMMENT: UNCOMPENSATED OR COERCED NATIONALIZATION HAS NOT
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BEEN PROBLEM IN SENEGAL AND IT IS DIFFICULT TO VISUALIZE ITS

OCCURRENCE IN PRESENT ATMOSPHERE. IN ANY FORESEEABLE
NATIONALIZATION CASE, GOS WOULD SEEK NEGOTIATED SETTLEMENT
WHICH WOULD NOT JEOPARDIZE ITS ABILITY TO ATTRACT INVESTMENT.
AGGREY

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Message Attributes

Automatic Decaptioning: X
Capture Date: 01 JAN 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: POLICIES, NATIONALIZATION, INVESTMENT CLIMATE, COMPENSATION, MINING INDUSTRY
Control Number: n/a
Copy: SINGLE
Draft Date: 23 APR 1976
Decaption Date: 01 JAN 1960
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Authority: ShawDG
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 28 MAY 2004
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1976DAKAR02489
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: N/A
Errors: N/A
Film Number: D760291-1000, D760155-0629
From: DAKAR
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1976/newtext/t19760431/aaaaazmc.tel
Line Count: 65
Locator: TEXT ON-LINE, ON MICROFILM
Office: ACTION EB
Original Classification: LIMITED OFFICIAL USE
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 2
Previous Channel Indicators: n/a
Previous Classification: LIMITED OFFICIAL USE
Previous Handling Restrictions: n/a
Reference: 76 STATE 81210
Review Action: RELEASED, APPROVED
Review Authority: ShawDG
Review Comment: n/a
Review Content Flags:
Review Date: 30 JUN 2004
Review Event:
Review Exemptions: n/a
Review History: RELEASED <30 JUN 2004 by MartinML>; APPROVED <15 OCT 2004 by ShawDG>
Review Markings:

Margaret P. Grafeld
Declassified/Released
US Department of State
EO Systematic Review
04 MAY 2006

Review Media Identifier:
Review Referrals: n/a
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
Secure: OPEN
Status: NATIVE
Subject: USG POLICY REGARDING VALUATION OF NATIONALIZED PROPERTY
TAGS: EINV, SG, US, (MBENGUE, MAMADOU MOUSTAPHA)
To: STATE
Type: TE
Markings: Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 04 MAY 2006